

MINUTES OF THE LAND RECLAMATION COMMISSION MEETING

March 23, 2006

Chairman, Jim DiPardo called the meeting to order at 10:00 a.m., at the Missouri Department of Natural Resources, 1738 East Elm Street, Jefferson City, Missouri.

Commissioners Present: Jim DiPardo; Nick Matherly; Mimi Garstang and Kevin Mohamadi (alternate for Ed Galbraith), Bob Ziehmer, Hugh Jenkins.

Staff Present: Larry Coen; Tom Cabanas; Bill Zeaman; Steve Femmer; Andy Reed; Clint Bishop; Mike Mueller; Mike Larsen, Guy Frazier, Sara Hayes, Larry Teson, Larry Hopkins and Becky Myers.

Others Present: Harry Bozoian, Attorney General's Office; Stephen Preston, OSM; Tom Gredell, Gredell Engineering; James D. Rolls, AECI; Dan A. Upp, AECI; Terry Fox, Triad Environmental Services; James A. Kemp, Benton County Stone; Keith Wenzel, Henderson & Andrae; Jim Froelker, DNR; Amy Cook, Gredell Engineering; Brad Austin, AECI; Glen Ellis, Landowner.

MINUTES OF THE FEBRUARY 27, 2006 TELECONFERENCE MEETING AND THE MARCH 23, 2006 MEETING

Mr. Jenkins made a motion to approve the January 26, 2006 Commission meeting and the February 27, 2006 teleconference meeting minutes. Ms. Garstang seconded the motion; motion carried unanimously.

ELECTION OF OFFICERS

According to statute, State Geologist, Mimi Garstang, must open the floor to nominations for Chairman of the Land Reclamation Commission. Mr. Hugh Jenkins moved to elect Mr. Jim Dipardo as Chairman; Mr. Bob Ziehmer seconded the motion. The motion carried unanimously to elect Mr. DiPardo as Chairman of the Land Reclamation Commission. At that time, Ms. Garstang turned the meeting and election of officers over to the newly elected Chairman, Mr. DiPardo.

Mr. Nick Matherly moved to nominate Mr. Hugh Jenkins as Vice-Chairman of the Land Reclamation Commission. Ms Garstang seconded the motion; motion carried unanimously to elect Mr. Jenkins as vice-Chairman of the Land Reclamation Commission.

PERMITS, CONTRACTS AND DESIGN

AML Status Report

Mr. Bishop of the Land Reclamation Program, noted that the Abandoned Mined Land staff has begun conducting preliminary site investigations on the proposed Rocky Fork AML Reclamation Project located in northern Boone county. Four (4) extremely dangerous lead/zinc mine shafts located in Jasper and Newton counties are also under design.

There have been no AML coal emergency complaints reported since the last Commission meeting.

Also, there are no maintenance reports or revegetation work planned for the spring of 2006. Since LRP only assumed State primacy on February 1, 2006, there is not enough available time for the AML staff to assess maintenance needs and procure contracts prior to the spring planting season. During this spring and early summer, completed AML projects will be evaluated for possible maintenance/revegetation work to be conducted during the fall of 2006.

COAL PERMITTING ACTIVITES UPDATE- CLINT BISHOP

Mr. Bishop also presented a coal permitting activities update. This update covers activities from February 1, 2006, the date the Land Reclamation Program (LRP) assumed State primacy for administering the coal regulatory program, and the date the presentation memo was prepared, March 14, 2006.

During this reporting period, LRP received nine new coal permit actions. All of these actions were finalized during this same period.

Four coal permit actions that were received prior to February 1, 2006 were also unapproved as of that date. The AML staff finalized three of these actions during this reporting period. One of these actions, a minor permit revision, was jointly reviewed and commented upon by Office of Surface Mining (OSM) and LRP prior to this period. This request has been tabled by the mine operator for the time being.

In summary, of the thirteen-coal permit actions requiring review during this reporting period, twelve were finalized and one tabled by the mine operator. As of the date of this memo, no actions are awaiting review by the LRP staff.

INDUSTRIAL MINERALS

Hearing Request Tabled During the February Meeting, Concerning Permit Application Filed by Brown Sand and Gravel, Inc., Shook Quarry in Wayne County – TOM CABANAS

During the February 27, 2006, commission meeting there was a decision made to table the request for a hearing concerning the permit application submitted by Brown Sand and Gravel, Inc. at their Shook Quarry in Wayne County. The decision to table the request for a hearing was based upon the petitioner and adjacent landowner, Mr. Larry Resinger, and company officials meeting on March 20, 2006, to go over his concerns at the location in question. Both parties agreed to defer this matter until the March 23, 2006, Land Reclamation commission meeting, so they would have time to discuss the issues and attempt to come to a resolution.

On February 8, 2006, staff from the Land Reclamation Program, Sara Hayes, Bill Zeaman, Guy Frazier and Mr. Cabanas along with Travis Abernathy of the department's Southeast Regional Office, representing the Water Protection Program met with Mr. Larry Resinger and Ms. Carol Hudak of Brown Sand and Gravel, Inc. The issues that Mr. Resinger brought up at the January 26, 2006, Land Reclamation Commission meeting were discussed and areas at the quarry and the adjacent property under his control were closely checked. Most of the problem areas had to do with off-site sediment from the quarry, rock and debris leaving the mined property and encroaching on his fence line and land.

However, there were only some very slight amounts of sediment that could be attributed to the mining activities on the permit area that would possibly enter Mr. Resinger's property. It has been recommended that this area be seeded during the appropriate time of year in order to establish vegetation to control erosion. Most of the sediment from the quarry property was leaving from areas that are not under the control of the Land Reclamation Program. Most of these areas involved fill that was cut from a part of the property not currently being mined that was deposited to create stockpiles areas right along the property boundary. The outslopes of these areas are bare and comprised of erosive materials, (clay, soils, etc.), but since the material is not classified as overburden from an area where mining is occurring, the program cannot assert any regulatory control for the off-site sediment.

Travis Abernathy, DNR/FSD/SERO, indicated in his report that there are some best management practices that could be used to control sediment on the site but indicated the receiving stream was clear and did not show signs of sediment deposits in the streambed.

The Notice of Recommendation made by the Staff Director on January 9, 2006, (attached) has not changed. That recommendation was to approve the pending mining permit application because the company has satisfied all the requirement of The Land Reclamation Commission to make a decision on the request for a hearing concerning the permit application submitted by Brown Sand and Gravel, Inc.

After Mr. Cabanas' presentation, Ms. Carol Hudak from Brown Sand and Gravel, Inc. addressed the Commission requesting that the vote for the hearing be tabled until the May Commission meeting for the purpose of meeting with the landowner to work on a resolution to the problems. Mr. DiPardo then asked if the landowner was present and although he was not in the audience it is believed that Mr. Resinger, the landowner, according to Ms. Hudak and Mr. Cabanas is in agreement to meet with company representatives and work on a resolution to his concerns.

Ms. Garstang made a motion to table the hearing request for Brown Sand and Gravel, Inc. until the May meeting. Mr. Jenkins seconded the motion; motion carried unanimously.

Hearing Request Tabled During the February Meeting, Concerning Permit Application Filed by Benton County Stone Company, Inc. in McDonald County-TOM CABANAS

During the February 27, 2006, commission meeting there was a decision made to table the request for a hearing concerning the permit application submitted by Benton County Stone Company, Inc. in McDonald County. The decision to table the request for a hearing was based upon a petitioner and adjacent landowner, Mr. Glen Ellis' request for additional time to consult an attorney. The Commission agreed to defer this matter until this March meeting and notified both parties that briefs from their attorneys would need to be filed at least a week in advance of the meeting in order to allow sufficient time for review. John and Catherine Krupka, who had also requested a hearing, have now withdrawn that request.

The Notice of Recommendation made by the Staff director on January 9, 2006, (attached) has not changed. That recommendation was to approve the pending mining permit application because the company has satisfied all the requirements of The Land Reclamation Act.

Because this issue was tabled during the last meeting, the staff would like for the Land Reclamation Commission to make a decision on the request for a hearing concerning the permit application submitted by Benton County Stone Company, Inc.

Following Mr. Cabanas' presentation, landowner, Mr. Glen Ellis addressed the Commission with a presentation to further substantiate his hearing request regarding Benton County Stone Company, Inc.

Mr. Ellis also noted that as he had previously mentioned at the February teleconference he did contact his attorney and the attorney felt that perhaps he (Mr. Ellis) had overreacted to the letter from the MO Limestone Producers Association that was presented at the teleconference. It is also noted that Mr. Ellis' attorney was not present at this Commission meeting.

After Mr. Ellis' presentation, Terry Fox of Triad Environmental Services working with Mr. James Kemp of Benton County Stone Inc., addressed the Commission regarding the issues that Mr. Ellis referred to in his presentation. Mr. Fox then asked the Commission if they had any questions that he could answer to try and clear up any misunderstanding of the operation of the company.

Ms. Garstang did ask for clarification regarding the on-site buildings that Mr. Ellis referred to and the estimated number of trucks that would be using the road daily. Mr. Fox addressed those issues. Mr. DiPardo then asked for further questions and/or discussion. At that time, Mr. Coen inquired about the location of the proposed highway and the property covenants mentioned by Mr. Ellis. This meeting was the first presentation by Mr. Ellis of the property covenants. Mr. Fox also addressed these issues.

After a lengthy discussion, Mr. Jenkins made a motion to deny the hearing request regarding The Benton County Stone Co., Inc. Ms. Garstang seconded the motion. Mr. DiPardo asked for a roll call: Kevin Mohammadi (alternate for Ed Galbraith), yes; Bob Ziehmer, yes; Nick Matherly, yes; Jim DiPardo, yes; Hugh Jenkins, yes; Mimi Garstang, yes. Motion carried unanimously to deny the hearing request regarding Benton County Stone Co., Inc.

INDUSTRIAL MINERAL BOND RELEASE REQUESTS APPROVED BY STAFF DIRECTOR – ANDY REED

The Staff Director of the Land Reclamation Program has reviewed, evaluated and approved the following Industrial Minieral bond release requests since the January, 2006 meeting of the Land Reclamation Commission:

Norris Asphalt Paving Co.	0818	Mercer Quarry	Pasture	4	\$2000
Norris Asphalt Paving Co.	0818	Jeffries Quarry	Pasture Undisturbed	5 11	\$8000
Norris Asphalt Paving Co.	0818	Gooden Quarry	Pasture Industrial	3	\$3,000
Norris Asphalt Paving Co.	0818	Maitland Quarry	Pasture	7	\$3,500
Norris Asphalt Paving Co.	0818	Breit Quarry	Pasture Industrial	22 4	\$16,000
Higgins-Meeker Quarries, Inc.	0871	Deepwater Pit #2	Undisturbed Pasture Wildlife	6 11 5	\$8,000
Plibrico Company	0704	Brink Pit #1	Water Pasture	3/ ₄ 1/ ₄	\$ 500

Staff presented the above request for bond release to the Staff Director. The Staff Director approved the releases noted above following review of the requests along

with photographs taken during the bond release inspections. Confirmation of the approval has been sent to the company and bonding entities.

Mr. Reed then presented an Industrial Minerals bond release request. The Land Reclamation Program staff received and evaluated the following Industrial Minerals bond release request. This release was presented to the Land Reclamation Commission, due to issues regarding landowner notification. The landowner was sent a letter via certified mail but did not sign for the letter, as his business keeps him out of the country for most of the year. LRP staff visited the site and determined that the operator has completed reclamation efforts necessary to achieve release of bond and liability at this site.

Company	Mine	Permit #	Land Use	Acres	Amount
Continental Cement	Graves #3	0321	Wildlife	3	\$1,500.00
Co. L.L.C.					

The above application has been reviewed and evaluated in the field for compliance with both State law and permit conditions. It is the recommendation of the staff that the Land Reclamation Commission approve this application as presented for the release of liability and the applicable bond amount.

Mr. Jenkins made a motion to accept the staff's recommendation to release the acreage. Mr. Matherly seconded the motion; motion carried unanimously.

<u>COMPANY INFORMATION FORM USED IN INDUSTRIAL MINERALS</u> – LARRY COEN

Mr. Coen presented to the Commission the Company Information Form, which is the new form included with the Industrial Mineral permit packets. This form has been included in the packets since last fall. The mining industry is concerned about the need for this form, and how it will be used in the future.

He stated that he committed to the industry to bring this matter to the Commission's attention to gain guidance about how and when to use the form, and to allow industry a public opportunity to present their concerns to the Commission. In context, the program will not likely use the information in this form unless there is a request for a hearing, or if there is a forfeiture of the permit. These are rare events; so many times we gather this information but do not use it in any way. As explained in the history, though, we believe that a court has ordered the Commission to consider this type of information. Mr. Coen then presented the Commission with a historic summary of events that led to the implementation of this form. At this time, the program needs guidance from the Commission on how to apply the use of the new Company Information Form.

The Commissioners advised Mr. Coen to resume sending the Industrial Minerals form that was previously stopped in January 2006.

INDUSTRIAL MINERALS ACTIVITY REPORT FOR 2005 – LARRY COEN

Mr. Coen presented the Activities Report as required by the *Land Reclamation Act*. The 2001 changes to the Land Reclamation Act require an annual report to the commission as noted in the following section of the Missouri Revised Statutes:

444.772.4. The director shall submit a report to the commission and the public each year that describes the number of employees and the activities performed the previous calendar year to administer sections 444.760 to 444.790.

The act does not define any further what this report should contain, so Mr. Coen provided the Commissioners the total income, total expenses, numbers of employees, numbers of industrial minerals permits, inspections, enforcement, public meetings, and hearing requests during calendar year 2005.

Industrial Minerals income	\$334,604.14
Industrial Minerals expenses	\$392,303.70
Balance of the Fund on 12/31/2005	\$ 23,174.57
Number of full time employees	6.60

Industrial Mineral Permits Processed 324 permit applications

Industrial Mineral Bond Releases Processed
Industrial Minerals inspections

11 (324 acres)
124 site inspections

Industrial Minerals enforcement actions
Industrial Minerals public meetings
Industrial Minerals hearing requests

3 enforcement actions issued
0 informal public meetings held
8 hearing requests presented

Industrial Minerals hearings granted None

Following this presentation Mr. Coen then reported on the Industrial Minerals Funding Issue:

The 2001 changes to the Land Reclamation Act gave us the ability to increase fees so that the Industrial Minerals program could operate without general revenue. This was important because we lost all general revenue in 2003. However, for 2004 and 2005, the fees have been insufficient to operate the program, and we have been spending out of a reserve fund, which is getting very low. A graph of the program funding history was distributed to the Commission for review.

Currently our fees are \$500 for each permit, \$300 for each site within the permit and \$5 for each acre within the permit. By statute these can be raised to \$600, \$300 and \$10 respectively. This would generate an additional \$50,000 annually by raising the fees to the limit in statute. This would be sufficient for our current shortage, but as inflation continues, we will still need to revise the statutes to account for future inflation

Note that state employees have not had a significant raise in several years, and we have not increased the number of Full Time Employees (FTEs) paid out of this fund.

Therefore, our increasing costs are all due to inflation, not from any operational decision that we have made.

We are basically at a point that we must either raise fees, or reduce one FTE in order to live within our means. If we reduce one FTE, we must reduce the service that we are providing to the industry and the citizens of Missouri. We are already talking with industry about this issue. We will continue to meet with them before making a final decision

We can raise fees by rule, as outlined above, or we can raise fees by statute. The downside of raising fees by rule is that it will only cover our current shortage, but will not address any future inflation. Also, the increase by rule will only apply to operators in the middle of the fee range. Small operators pay a fee of \$300 by statute, which cannot be raised by rule. The largest operators pay a maximum of \$2500, again which cannot be raised by rule. Therefore an increase of fees by rule will only assess additional revenue from those operators who are above the small operator status, but not maxed out in fees.

The downside of increasing fees by statute is that this process will take at least two years to complete, which may not prevent a reduction in an FTE for the immediate future.

An Industrial Minerals Funding History chart was presented to the commission. Mr. Coen asked for questions or points for clarification. The commission suggested that Mr. Coen does further research into the increasing of fees, speak with the industry representatives, as well as Department of Natural Resources management and report the findings to the commission at the May meeting.

<u>COAL BOND FORFEITURE STATUS REPORT</u> – MIKE LARSEN

Since the last update provided to the commission on January 26, 2006, the bond forfeiture staff has continued to conduct on the ground inspections and evaluations of bond forfeiture sites. In addition, the staff has been working with contractors in order to complete needed repairs and maintenance at various forfeiture sites around the state.

The following is a brief summary for the commission's information as to the work progressing and/or completed since the January 2006 meeting:

Riedel Energy, Inc. – Monroe and Ralls counties:

On the ground assessments have begun at this former mine site. The purpose of the field assessments is to determine what work will be needed to bring the mined areas into a condition that will allow for a final liability release to be proposed to the commission during future meetings. This is an extensive minesite and will more than likely be the focus of the bond forfeiture staff with respect to repair work and release presentations during the second half of calendar year 2006 and all of calendar year 2007.

This mine site was originally planned to be finished up by the surety who bonded the company however, owing to the bankruptcy of the surety this will no longer be done. Instead, the settlement approved by the commission last summer with the state of New York has resulted in the payment of \$100,000.00 to the commission in order to satisfy the surety's obligation for reclamation of the mine site. Now, the bond forfeiture staff will utilize this money to provide for the completion of reclamation. We are currently reviewing plans originally drawn up by the surety in consultation with the landowners for repairs in certain areas of the mine. This is being done in conjunction with the field assessments.

<u>Universal Coal and Energy Co., Inc. – Mine #4 (Multiple permits) – Howard county</u>

Work with the landowners of a large portion of the remaining areas of this mine has been initiated. As the commission will recall, two permit areas of this large mine site were released from further liability during the second half of 2005. Now it is the staff's intention to proceed with repairs at this minesite (specifically erosion control and spot revegetation on isolated areas) in order to prepare the remainder of the mine for release presentations to the commission. It is expected that by the end of calendar year 2006 the work on all areas of this mine site will be finished and release presentations will have been made.

<u>Universal Coal and Energy Co., Inc. – Renick Mine – Randolph county</u>

This is a surety reclamation project where Lincoln General Insurance Company has already performed the majority of the necessary work. However, one last item needs to be finished before a release presentation can be made to the commission. This is the repair of an open channel spillway for a large impoundment. The surety has recently been contacted and advised of the needed repairs. The surety has agreed to perform this last repair this spring so that this mine site may finally be presented for liability release. It is expected that this mine will be brought before the commission during the May meeting.

Missouri Mining, Inc. – Mine #14 South – Putnam county

Work has been completed with respect to final erosion repair and removal of debris from the surface of this former mine site. This work was performed in order to prepare this site for presentation to the commission in an agenda item later today along with Mine #14 North and Mine #17.

Projected work plans for the first half of 2006

Maintenance work is planned at the Bill's Coal minesite in southwest Missouri related to gully repair and diversion of additional water to a final pit impoundment. It is currently planned to complete this work during this spring or early summer as weather and time allow. The completion of this work should prepare the mine site for a presentation to the commission for release at both the May and July meetings of the commission.

Repair work is planned for Missouri Mining's Mine #15. An emergency spillway will be upgraded and rock armoring of 2 erosion gullies is necessary in order to finish up this mine. A release presentation is currently planned for the May meeting of the commission. In addition, a monitoring well will be removed at Missouri Mining's Mine #12

Contact with the landowner of Universal Coal and Energy's former coal preparation plant site has been made. An on-site visit with this landowner will be done in late March in order to finalize plans for the repairs of certain isolated areas of his property that require soil importation, liming, fertilizing, seeding and mulching of the repaired areas. This work is expected to be completed during the month of April, 2006. Because this repair involves revegetation of problem areas, the release presentation will not occur before the commission until that second half of 2006. This is to ensure the revegetation efforts have proven to be successful.

<u>COAL BOND FORFEITURE LIABILITY RELEASE REQUESTS</u> – MIKE LARSEN

The Land Reclamation Program's bond forfeiture staff have evaluated and/or completed work on the following former coal mine sites during the past two months and are presenting them to the commission for their liability release consideration.

All sites have been inspected jointly with the Office of Surface Mining and, in addition, all current landowners of record have been notified via certified mail that these sites are to be recommended for complete and final liability release at this meeting of the Land Reclamation Commission. As of the date of this memo, no comments or objections have been received.

Company	Mine	Permit #	Release Acres
Missouri Mining, Inc.	Mines #14 North and #14 South	1984-02	102.0
Missouri Mining, Inc.	Mine #17	1987-03	302.0

STAFF RECOMMENDATION:

It is the recommendation of the program's bond forfeiture staff that, as all necessary reclamation and repairs have been completed, the Missouri Land Reclamation Commission release the state from all further liability for the former coal mine sites listed above.

Ms. Garstang made a motion to follow staff recommendations to release liability on these sites. Mr. Jenkins seconded the motion; motion carried unanimously.

<u>OLD LAW COAL PERMIT RENEWAL FOR PALMER LIMESTONE –</u> BILL ZEAMAN

Palmer Limestone was issued a permit to extract coal on October 6, 1995 incidental to the extraction of limestone at their mining operation in Vernon County. This eight (8) acre permit is exempted from the requirements of the permanent program coal law (Surface production stays at or below 16 2/3% of the other minerals taken from the same operation).

The permit required under this exemption is issued under the Strip Mine Law, sections 444.500 to 444.755 RSMo., which is commonly referred to as an old law permit. Under section 444.540.3 of this law the permit is required to be renewed annually by the operator submitting a renewal form and assuring the fees and bonding are adequate.

As the operator, Ira W. Palmer, has submitted the proper application form on February 6, 2006 and assured proper submission of fees and bond, it is the recommendation of the staff that the Commission issue a renewal to permit OL95-01.

At the end of Mr. Zeaman's presentation, Mr. Jenkins made a motion to follow staff recommendations to issue a permit to Palmer Limestone. Mr. Matherly seconded the motion; motion carried unanimously.

<u>SUMMARY OF COAL BOND RELEASED BY STAFF DIRECTOR</u> – STEVE FEMMER

The Staff director of the Land Reclamation Program has reviewed, evaluated and approved the following Bond Release. This was an informational summary that was provided to the Commission in which no action was requested.

Associated Electric Cooperative, Inc: Permit No. 1982-09 Liability Release

Land Use Wildlife	Phase I & II Acres	Complete Undisturbed Acres	Total Acres	Amount
Habitat	37.0	0.0	37.0	\$161,750.00
Pasture	29.0	7.0	36.0	\$ 28,750.00
Total	66.0	7.0	73.0	\$161,750.00

Associated Electric is self bonded and the dollar amount will be reconciled in January 2007.

The Staff Director approved this request with a review of the photographs that were taken at the time of the bond release inspection. Mr. Femmer then presented the Commission the photographs that were presented to the Staff Director for approval of the bond release.

COMMENTS FROM THE PUBLIC

Mr. DiPardo asked if there was other business or comments from the audience.

At that time, Mr. Cabanas, introduced the new employees to the Commission; Mr. Guy Frazier and Mr. Larry Teson. Both Mr. Frazier and Mr. Teson are new inspectors with the program.

At this time, Commission member, Mr. Bob Ziehmer asked Mr. Coen to explain to the Commission and audience the present legislation HB 1761 regarding gravel excavation and the effect this bill will have on the program and operators. Mr. Coen gave an update on this legislature. Mr. Coen then asked if there were questions and/or comments, which was followed by further discussion regarding this bill. Mr. Coen will have the current status of the bill at the next meeting.

No other business or comments were presented.

CLOSED SESSION

Mr. Jenkins made a motion for the Land Reclamation Commission to meet in closed session at 8:30 a.m. on May 25, 2006, to discuss personnel actions, legal actions, causes of actions or litigation as provided for in Section 610.021 RSMo. Ms. Garstang seconded the motion; motion carried unanimously.

ADJOURNMENT

Mr. Jenkins made a motion to adjourn; Ms. Garstang seconded the motion. Motion carried unanimously.

Respectfully submitted,

The meeting adjourned at 12:10 p.m.

Chairman	